

MANHATTAN INSTITUTE

PRESIDENT'S UPDATE

Year-End 2019

MCMLXXVII

MMXIX



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2019 Urban Policy Series

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New York City

New York remains the country's financial, media, and cultural capital—but the city's inherent vibrancy and dynamism are increasingly threatened by its dysfunctional government. From its artificially limited housing supply to its perpetually delayed subways, the city government is pushing to increase its role while it simultaneously mishandles its core functions.

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MI President Reihan Salam Interviews Senior Fellow Ed Glaeser

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City Journal

In a world where debate is brutal, primitive, and uninspiring, Manhattan Institute's City Journal magazine is a model of how substance and style can combine to make a journal of policy and culture into a powerful force for good.



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Civil Society

Across the country, self-sufficient and public-spirited Americans are taking community problems into their own hands and working together toward solutions. Our Civil Society Award winners are some of the most successful examples of this heartening trend.

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Letter from the President

Reihan Salam

DEAR FRIENDS AND SUPPORTERS,

Shortly after joining the Manhattan Institute, I had the great pleasure of immersing myself in the work of our civil society programs. With the help of a large and growing network of partners, MI looks far and wide for voluntary organizations that are revitalizing their communities—

and doing so largely on the strength of private philanthropy.

Many of the most successful organizations go well beyond doing the important work of alleviating the suffering of those less fortunate. They impart lessons and virtues that leave their beneficiaries feeling more powerful and more capable of helping themselves, their families, and others who

might find themselves in need. Here we have been inspired by Howard Husock's masterful new book, *Who Killed Civil Society?*, in which he recounts how American civil society once dedicated itself to the cultivation of positive social norms—and how a dense web of private organizations helped foster a moral revival in even the most deprived neighborhoods. What our civil society work reminds us is that we as

a country can, and must, rededicate ourselves to the championing of healthy norms and that small groups of dedicated volunteers really can make a difference in the lives of their neighbors.

There is a lesson in all this for those of us who work in public policy. Many bright, intelligent, and compassionate people believe that the only way to solve the most vexing problems facing American society is to turn to our sprawling federal government. There is no question that the power of the federal government is considerable and that all those who care about our country's future must be engaged with what goes on in Washington, D.C. The great danger, however, is that our fixation on the federal government has given rise to a kind of learned helplessness, in which people throw up their hands at problems taking root in their own communities. And it is not just ordinary citizens who throw up their hands: it's often leaders of state and local government who insist that they can't possibly offer better services at lower cost and that what they really need are more federal subsidies.

We at MI embrace a different belief: that Washington, D.C., is not the answer to all our country's problems and that what we need are policies that will unleash the creative problem-solving abilities of all Americans. That is the spirit in which MI engages in national policy debates, where our scholars have been making the case for

a federal government that is limited and fiscally sustainable—not one that crowds out private-sector innovation. And it is why we are so devoted to policy debates in our major urban centers, which do so much to set the country's cultural and political agenda.

This year-end update begins with a discussion of our work on state and local policy—particularly, in America's great cities. The decline that confronted them in the late 20th century has been arrested. In contrast to the 1980s and 1990s, when I was growing up in Brooklyn, urban centers like New York, Chicago, and San Francisco now have little difficulty attracting the nation's top talent and capital—indeed, they are concentrated in those cities as never before. Violent crime has been brought under control, and urban economies have continued to claim a disproportionate share of the country's new jobs.

Ideas developed at the Manhattan Institute under the leadership of our president emeritus, Larry Mone, played a critical role in this transformation. Broken Windows policing and pro-growth reforms improved the quality of urban life and swept away impediments to entrepreneurship. Yet this very renaissance also created the conditions for a new set of forces that threaten to

“We at MI embrace a different belief: that Washington, D.C., is not the answer to all our country's problems and that what we need are policies that will unleash the creative problem-solving abilities of all Americans.”

undermine what we helped build.

In the late 20th century, cities were in crisis because of incompetence and neglect. The challenge today is not so much weak governance as bad governance. Urban prosperity has given rise to a new urban complacency and a drift toward higher taxes, lousier services, and ever more burdensome regulations. Politics has drifted to extremes: instead of trying to improve the quality of life for all residents, cities now are increasingly embracing a zero-sum politics of aggressive redistribution and group division that leaves everyone worse off.

Against this ideological project, MI offers a pragmatic agenda for positive-sum urban reform. We don't believe that goods like public safety, health, education, housing, and infrastructure should be subject to hard limits or that they are somehow being hoarded by one group or another. Improving bad schools, for example, doesn't require undermining good ones. The core of our reform vision is that with the right policies, social flourishing can be widely shared.



Letter from the President



PREVIOUSLY WORKED AT
THE ATLANTIC
& **NATIONAL REVIEW**

Next, we turn to our work on next-generation leadership. Through our programs on college and business school campuses and in cities across the country, MI engages with young people to help deepen their knowledge of public policy. As senior fellow Edward Glaeser has observed, many of the most harmful and anticompetitive policies—from excessive land-use regulations to the cartelization of higher education—disproportionately affect the young. However, having grown up in an era when some of the best-known and most successful ventures were started by people their age, they are not a generation given to staying on the sidelines. MI is eager to help these students and young professionals apply time-tested ideas to solve the problems faced by their local governments and local communities.

We conclude with our work on reforming the federal government. If you look at the sectors whose costs most burden middle-class Americans—including health care, energy, and higher education—what you find are industries whose worst problems can often be traced to rigid government mandates. Senior fellow Chris Pope has drawn attention to the confusing welter of government subsidies and regulations that have driven up



WROTE TWO BOOKS:
MELTING POT OR CIVIL WAR?
& **GRAND NEW PARTY**

the cost of medical care. While partisans of the Green New Deal call for centralized economic planning in the name of energy conservation and environmentalism, senior fellow Mark Mills has been a powerful voice for the market-oriented energy policies that enabled the fracking revolution. Together with their colleagues, they are pointing the way toward a federal government that welcomes private initiative, not one that squelches it.

“MI is excited to work with and assist people working toward a freer and more opportunity-rich country, wherever they may be.”

Now, as always, America is faced with hard problems that are, at the same time, exhilarating opportunities. In our vibrant, vast republic, many of the solutions will come from outside the Beltway. MI is excited to work with and assist people working toward a freer and more opportunity-rich country, wherever they may be.

I'd like to thank you for your support of our mission and for helping enable all that you will read about in the following pages. I also wish you and your family a happy holiday season.

A handwritten signature in dark blue ink that reads "Reihan Salam".

Reihan Salam
President

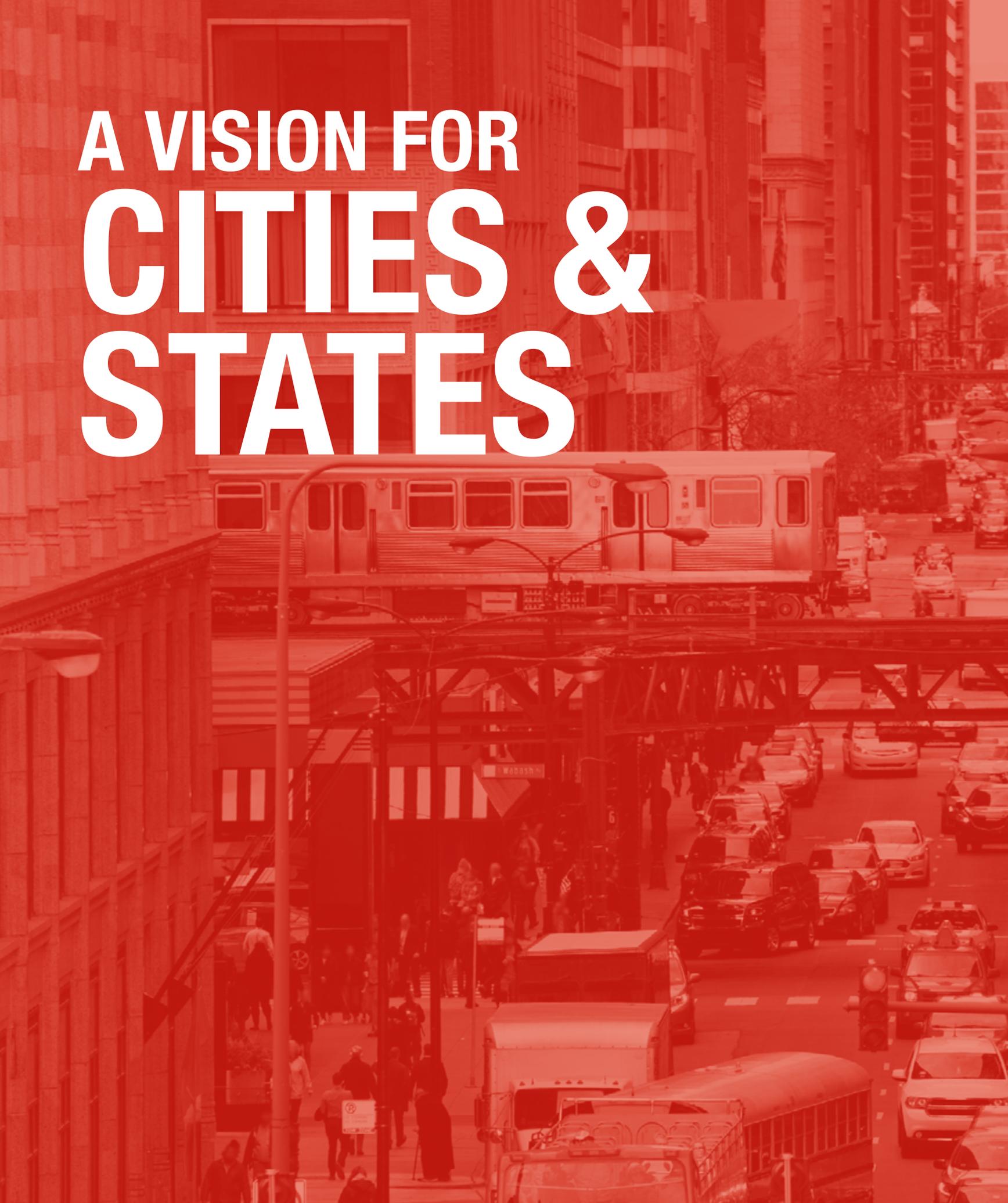


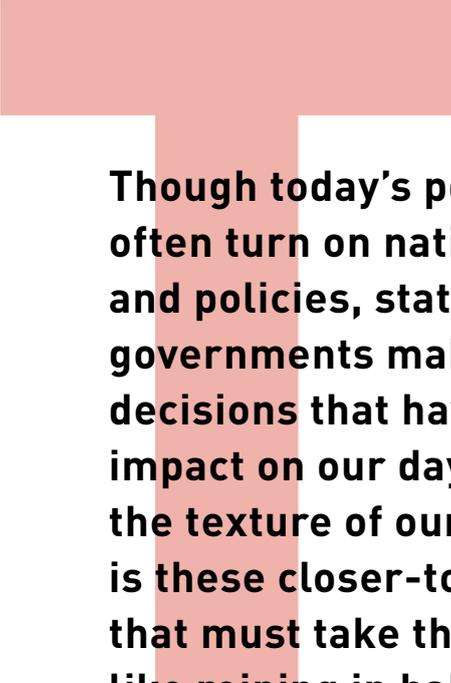
MANHATTAN
INSTITUTE



...Social Policy
...AS M. BIRK

A VISION FOR CITIES & STATES





Though today's political debates often turn on national controversies and policies, state and local governments make many of the decisions that have the largest impact on our day-to-day lives and the texture of our communities. It is these closer-to-home authorities that must take the lead on issues like reining in ballooning pension costs, ensuring the quality of public education, paring back land-use regulations to ensure an adequate supply of affordable housing, and helping the homeless get off the streets. Supplying courageous political leaders with innovative and practical ideas is what MI does best, and it will continue to be at the heart of our mission in the coming years.

REFORMING PUBLIC FINANCES & IMPROVING GOVERNMENT

ACROSS THE COUNTRY, IN BOTH wealthy and struggling cities, governments often fail to deliver basic public services even as public employees, working and retired, claim an ever-greater share of taxpayer dollars. Public employees do important work—fighting fires, keeping crime at bay, and educating our children—and those who do so with skill deserve our gratitude as well as fair compensation. But outdated civil-service rules and rigid employment contracts can make it harder for public employees to do their jobs well and for local governments to deliver high-quality services to their citizens.

Though the pension crisis is often framed as a far-off challenge for future generations, the political and social cost of these unsustainable commitments is already being felt by cities and states that have endured

teacher strikes, such as this year’s 11-day strike in Chicago. MI senior fellow Daniel DiSalvo has been one of the leading voices helping the public connect the string of strikes to growing pension and benefit costs. DiSalvo has taken to the pages of the *Wall Street Journal* and *Chicago Tribune* to point out that while teacher salaries may have stagnated, teacher compensation has continued to rise. Instead of showing up in weekly paychecks, though, the additional public education funding flows to the 20% of teachers who stay in Chicago’s public-school system for 20 years, the threshold at which teachers become eligible for full retirement benefits. Put another way: 80% of Chicago’s teachers put up with stagnating salaries to fund the

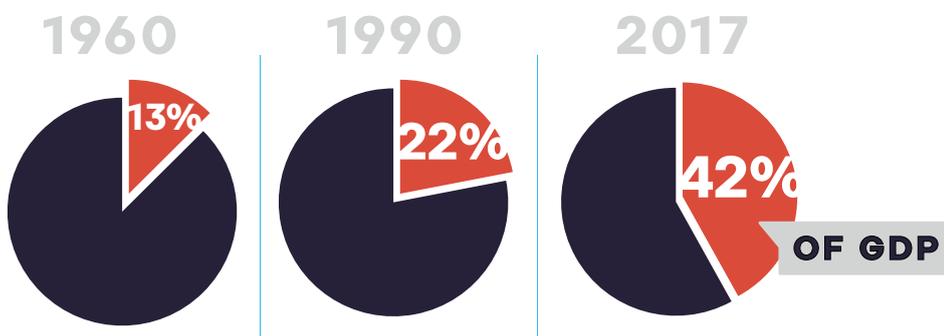


JOSH MCGEE points out that, between 2004 and 2019, per-pupil teacher pension costs in America rose by 145%.

extraordinarily generous retirement packages of a small minority of their coworkers and predecessors. This distorted dynamic is at work in much of the country; since 2004, per-pupil pension costs have risen from \$530 to \$1,300.

To pave the way for a more sensible and just future, MI has been informing Americans just how much of their future earnings have been pledged to public-sector retirement benefits. Take, for instance, senior fellow Josh McGee’s important essay in *National Affairs*, “How to Avert a Public Pension Crisis,” in which he calculated that state and local pension liabilities have risen from 13% of GDP in 1960 to a stunning 42% of GDP in 2017. Complacent leaders have tried to put off the hard choices that these promises entail—more money for pensions, after all, means less money for infrastructure, education, and any number of other public priorities—by pointing to overly rosy

GROWTH OF STATE AND LOCAL PENSION LIABILITIES





predictions about future earnings from public pension funds. McGee’s proposed reforms—specifically, tying investment-return assumptions to the yield on U.S. Treasury bonds and shortening amortization periods considerably—would help put an end to these evasions, forcing governments to be honest about the fiscal challenges facing the citizens they serve.

Some cities face fiscal and administrative challenges so overwhelming that only truly sweeping reform can help them get back on their feet. It is precisely these cities that senior fellow Stephen Eide considers in his report “De-Municipalization: How Counties and States Can Administer Public Services in Distressed Cities.” From Camden and Atlantic City, New Jersey, to Flint, Michigan, the dual stress of diminished tax bases and high poverty rates has left city governments unable to deliver the most basic services, including safe streets and clean water. Eide makes clear that in these circumstances, cities often can’t right the ship on their own. Instead,

these cash-strapped municipalities might have to surrender authority for crucial services to state or county governments. Once the county took over the city’s police force, Camden’s famously intractable violent crime rate fell by about 25% in six years, a stunning result achieved by dissolving the preexisting union contract, hiring nonunionized clerical workers to handle the department’s paperwork, and placing formerly deskbound officers on the beat. This is the kind of institutional innovation that America’s suffering cities need if their citizens are to have a fighting chance at a decent life.

No matter a city’s fiscal outlook, the task of delivering high-quality services at a reasonable cost is made harder by intransigent public-sector unions. For decades, those unions have thrived off money that workers are compelled to pay them—even if the worker refused to join the organization. These were the issues that senior fellow Daniel DiSalvo appraised in his report “Public-Sector Unions After *Janus*: An Update.” In *Janus v. AFSCME*, the U.S. Supreme

“MI will continue to draw attention to laws that subordinate the First Amendment rights of public employees to the interests of union leaders anxious to protect their resources and political clout.”

Court held that states could no longer mandate that nonunion employees contribute “agency fees” because it violated their First Amendment rights. In the 22 states where these agency fees had been the law of the land before *Janus*, public-sector unions have sustained a significant financial hit. Connecticut unions have seen a \$3.4 million loss in fees that had previously been collected from nonmembers; in New York, the estimate for lost fees ranges as high as \$100 million. As DiSalvo detailed in an op-ed for the *Wall Street Journal*, sympathetic state lawmakers have attempted to shore up union coffers with an array of laws that make leaving a union more onerous. MI will continue to draw attention to laws that subordinate the First Amendment rights of public employees to the interests of union leaders anxious to protect their resources and political clout.

ON THE GROUND

Urban Policy

FOR CITIES TO BE DESIRABLE PLACES TO LIVE, WORK, AND raise a family, policymakers must get many things right: from housing, transit, and education to public safety, economic development, and homelessness. The precise form that these challenges take varies enormously from city to city. That is why MI makes it a point to convene local stakeholders and subject-matter experts in cities across the country.

This year, our Urban Policy Series (formerly called the Future of Cities Symposia) took us to St. Louis, Milwaukee, San Francisco, and Sacramento, where we brought together MI scholars, local government officials, nonprofits, academics, and philanthropists to discuss the most pressing urban policy issues in each city. In St. Louis, which had the fourth-highest murder rate among American cities last year, MI facilitated a discussion among city leaders—including members of the mayor’s administration and the editorial board of the *St. Louis Post-Dispatch*—and John MacDonald, a criminologist from the University of Pennsylvania, who has built on George Kelling and James Q. Wilson’s Broken Windows theory of crime prevention to great effect in Philadelphia. In light of MI’s central role in incubating and disseminating the insights of Broken Windows policing, we were happy to partner with MacDonald and help him bring his important work to a community that needed it. His efforts in Philadelphia produced a 39% drop in gun violence around remediated buildings, relative to other locations. In the weeks following MacDonald’s visit, Twitter founder and St. Louis native, Jack Dorsey, in consultation with the mayor’s office, funded a generous philanthropic gift to operationalize MacDonald’s insights and begin building a remediation plan in the city.

In Milwaukee, MI assembled business leaders, philanthropists, and members of Mayor Tom Barrett’s administration to discuss the city’s public parks, which are

Moscow, ID

Aaron Renn discusses America’s most troubled industrial cities at New Saint Andrews College.

Colorado Springs, CO

Manhattan Institute leaders present on panels at the 27th annual **State Policy Network (SPN)** meeting.

San Francisco, CA

Stephen Eide leads a conversation on the law-enforcement dimension of homelessness, serious mental illness, and public disorder.





Milwaukee, WI

Daniel Biederman joins MI scholars to discuss how private dollars can manage public parks.

New York, NY

Kay Hymowitz, Derek Thompson, Brad Hargreaves, and Reihan Salam participate on a panel to discuss the future of families in the childless city.

Ann Arbor, MI

Nicole Gelinás debates **Adam Thierer** on autonomous cars for an Adam Smith Society event hosted at the University of Michigan.



Chicago, IL

Rafael Mangual serves on a panel discussing violence in Chicago at the Union League Club.

St. Louis, MO

John MacDonald meets with local practitioners and policymakers to reveal how cleaning up vacant lots can help curb crime.



Pittsburgh, PA

Michael Hendrix explains how food trucks drive growth and entrepreneurship.



Washington, DC

Michael Hendrix delivers remarks at a roundtable on housing affordability at the **White House** with senior administration officials—including U.S. Secretary of Housing and Urban Development Ben Carson.

Pembroke, NC

Rafael Mangual explains the relationship between policing, public safety, and economic growth at UNC Pembroke.

Austin, TX

Edward Glaeser, Michael Hendrix, and Fort Worth City Councilwoman Ann Zadeh demonstrate how big data and AI have the potential to transform policymaking in cities. At **SXSW**, they explained how Google Street View can help predict income and crime—down to the city block.

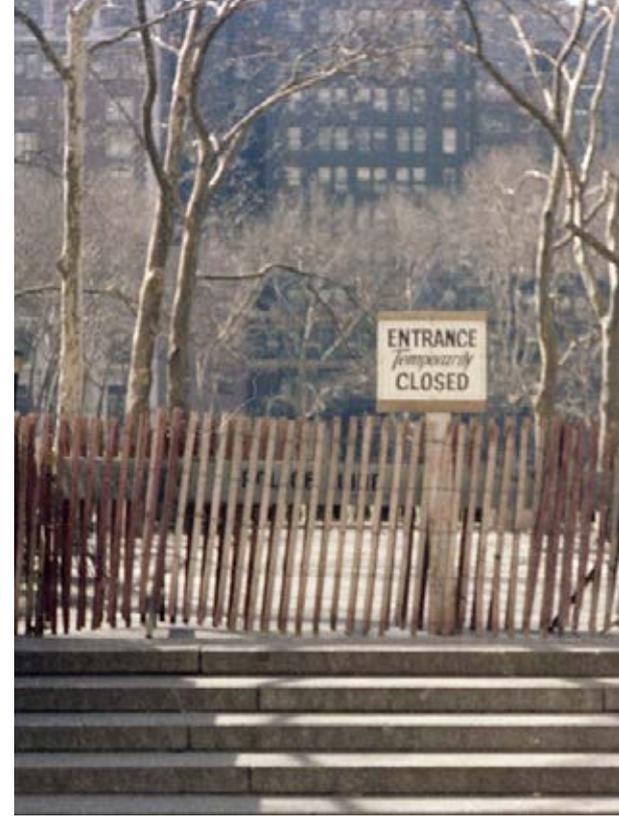


Lakeland, FL

Howard Husock discusses public housing and cycles of poverty at Florida Southern College.

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EVENTS IN
THE PAST YEAR

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ON-CAMPUS
URBAN POLICY
EVENTS



both beautiful and a drag on city finances. The group was addressed by Daniel Biederman, a national leader in deploying private management and capital to revitalize and manage public spaces, including Bryant Park, Herald Square Park, Greeley Square Park, and other formerly blighted spaces in midtown Manhattan. In Milwaukee, Biederman focused his remarks on the stunning turnaround of Bryant Park, which has become a much more orderly and engaging place while simultaneously transitioning from public to private financing. Biederman explained that this did not require turning Bryant Park into an outdoor mall (which is what many privatization skeptics fear will befall their favorite parks) but was instead accomplished through a handful of marquee events and the introduction of coffee shops and cafés housed in charming huts designed to match the park’s preexisting décor. In the wake of the discussion, the city’s public and private leaders have been engaging with various ideas and plans for applying Biederman’s strategies to Milwaukee’s beautiful Lake Park.

At MI events in San Francisco and Sacramento, the topic was another local challenge with national resonance: homelessness. The events in the two cities brought together senior fellow Stephen Eide with senior officials from San Francisco’s new Department of Homelessness, state senators, and representatives from the governor’s office to speak about California’s ballooning homeless population. The conversation in both cities focused on the merits of a housing-first policy solution, wherein cities and states focus on the construction or acquisition of bare-bones apartments that can be given to the unsheltered homeless with very few preconditions. Eide cautioned lawmakers that while this approach might yield savings via reduced emergency-care costs, it has a low success rate as a path to true independence and stability.

In 2020, we will continue to travel the country to keep our finger on the pulse of America’s metropolises and to connect city leaders with the scholars and ideas that can help their communities. To this end, we plan to visit Detroit, Minneapolis, Lexington, Philadelphia, and Boulder over the next 12 months, along with our more frequent urban policy-focused dinners in New York City.





Manhattan Institute's 2019 **URBAN POLICY SERIES** features research and insight from experts across the country addressing public parks, homelessness, and crime. High-quality, accessible public spaces are key to urban quality of life, but many cities today struggle to maintain their parks and streets, leading to increased crime and community disengagement.



BEAT
Issues that Matter. Facts that Inform.

Political Misinformation

Think BTC Dis...



New York City

AS AMERICA'S MOST POPULOUS CITY, New York remains a paradigm of urbanism and serves as a leading indicator of where the country is heading on urban policy. That is why MI's work to shape the policy debates in its hometown—through op-eds, reports, issue briefs, and our e-mail newsletter, **The Beat**—is so important. The Beat provides its 30,000 readers with the New York-focused stories they shouldn't miss—from happenings in Albany to the latest report on the local housing market. While The Beat is written with the concerned, everyday New Yorker in mind, it is also read by reporters and editorial board members from the *New York Times*, *Wall Street Journal*, *New York Post*, Politico New York, *New York Daily News*, *Newsday*, *The Economist*, and *Washington Post*, among other news outlets.

We are now six years removed from Mayor Bill de Blasio's populist campaign, when he famously decried New York as a Tale of Two Cities—one that served the wealthy and advantaged and one that failed the poor and unconnected. For the past five years, MI fellow Alex Armlovich has used his "Poverty and Progress" reports to hold the de Blasio administration accountable for its promises to help the poor. In his 2019 report—which has been featured in the *Wall Street Journal* and Politico—Armlovich found that the mayor's tenure has been less than transformative for New York's neediest citizens. Many of the New Yorkers living in public housing still face dire conditions, as well as a significantly higher chance of encountering violence than other New Yorkers do. Reductions in welfare rolls have been marginal and in line



ALEX ARMLOVICH (right) holds Mayor de Blasio accountable for his promises on key quality-of-life issues in the latest update to MI's "Poverty and Progress" series.

"The Beat provides its 30,000 readers with the New York-focused stories they shouldn't miss."

with the national postrecession decline. As MI senior fellow Nicole Gelinas observed in a much-discussed *New York Post* op-ed, even these lackluster results have been extraordinarily expensive to achieve: the portion of the city's budget funded by local

taxpayer money has increased by 30% over the mayor's six years in office.

In 2017, Mayor de Blasio unveiled his plans to "turn the tide on homelessness," including programs to reach New Yorkers whose poor mental health led them into city shelters or out onto the streets. Unfortunately, these programs have gone far afield of their original mission. MI adjunct fellow DJ Jaffe has written extensively about the misallocation of resources for the severely mentally ill, noting that over the past few decades, money has moved away from intensive-care facilities that treat the most severe cases to a panoply of social programs that treat more prosaic challenges such as anxiety and low-level



Only 12% was spent on serious mental illness (SMI)

\$250M spent annually on ThriveNYC

12%

\$30 million spent on SMI

\$220 million not spent on SMI

depression. In particular, Jaffe has drawn attention to New York City’s “ThriveNYC” program, which is administered by the mayor’s wife, Chirlane McCray, and spends \$250 million a year to “encourage emotional resiliency” and cultivate “mental wellness.” This wastefulness of public money meant for vulnerable New Yorkers went unnoticed until Jaffe and others at MI took to local op-ed pages, radio and television networks, and national print media to sound the alarm. As a result of this public education campaign, the city council called an emergency budget hearing where McCray had to field questions about the program’s finances alongside subject-matter experts, including Jaffe.

As *City Journal* associate editor Seth Barron made clear in an essay for the summer issue of the magazine, ThriveNYC is not the only city program that doles out money to politicized nonprofits. Much of the public money that the city spends on human services—including homeless shelters, adult literacy programs, legal services, and senior centers—is, in fact, given to nonprofits that administer these programs on the city’s

behalf. However, as Barron documents, many of these organizations engage in activities that can only be described as political. Some make donations to closely affiliated political action committees, and some regularly take part in protests outside courthouses and Trump Tower. Taken together, the picture is of a collection of activist groups that get subsidized by city government under the pretense that they are only engaged in non-political social endeavors. What’s worse, this all happens as New Yorkers watch the city’s basic public services, such as the New York City subway system, continue to deteriorate and drive down the quality of life.

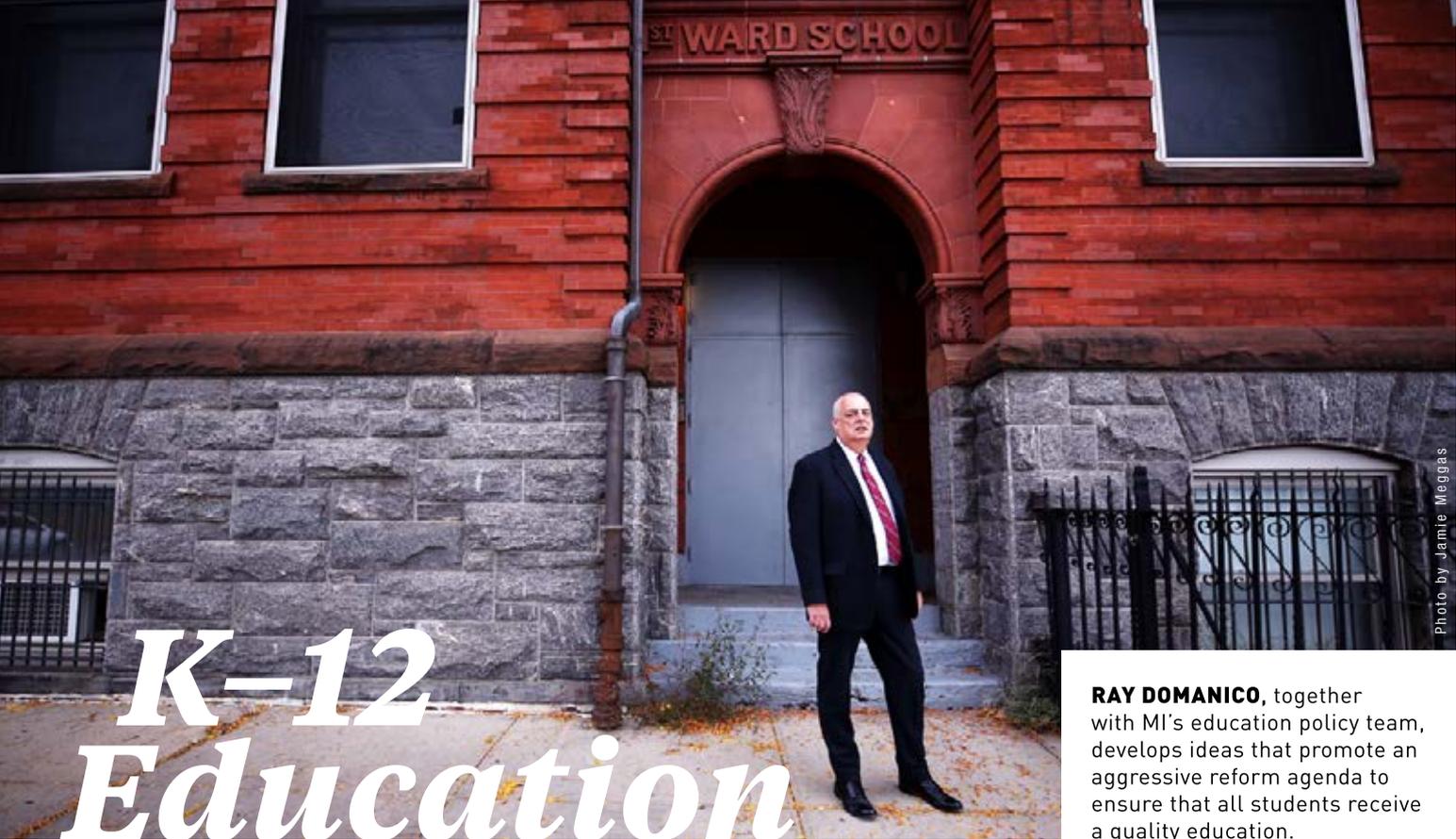
Gelinas has offered clear-eyed analysis of the subway system’s cost inefficiencies. In a timely report this spring, “Seven Ways the MTA Can Save \$10 Billion,” Gelinas made the case that the biggest obstacle to effective infrastructure spending in New York is the artificially high labor costs extracted by unions. Thanks to the deft maneuverings of big labor in Albany, an electrician working on a NYC subway tunnel can expect to make about \$100 an hour after benefits

are included—56% more than the going rate for private-sector projects. In addition to garnering praise from beleaguered straphangers, the report caught the attention of MTA chairman Pat Foye, who assured the crowd at a public hearing that he was taking the report’s suggestions seriously: “I think the work that [the] Manhattan Institute and Nicole Gelinas and others have done is important. I read all their stuff, as do a lot of my colleagues here.”



NICOLE GELINAS questions whether New York taxpayers are getting value for their money—even as lackluster results in public services remain extraordinarily expensive.

“An electrician working on a NYC subway tunnel can expect to make about \$100 an hour after benefits are included—56% more than the going rate for private-sector projects.”



K-12 Education

RAY DOMANICO, together with MI's education policy team, develops ideas that promote an aggressive reform agenda to ensure that all students receive a quality education.

MI HAS LONG BELIEVED THAT THE FIGHT TO preserve and encourage economic mobility in America rises or falls with the education reform movement. Unfortunately, this year we saw the opponents of school choice, competition, and accountability ratchet up their opposition and activism. In some places—such as Los Angeles and Denver—this has taken the form of teacher strikes. In others, it has taken the form of regulations to limit charter schools or diminish merit-based opportunities within public education. MI has responded by making the case for how American children can benefit from an educational system that encourages competition and innovation.

This year, Ashley Rogers Berner, deputy director for education policy at Johns Hopkins University, took a look at America's K-12 education system through a global lens for an MI report, "The Case for Educational Pluralism in the U.S." Berner observes that American children with wealthy parents are offered a bevy of choices for their primary education, from the well-funded public schools that exist in places with high property values to all manner of elite private and boarding schools. Other countries use public dollars to provide a similar range of choices to less affluent children. With her

"The fight to preserve and encourage economic mobility in America rises or falls with the education reform movement. Children can benefit from an educational system that encourages competition and innovation."

report, Berner has begun an overdue conversation about how we can further inject individual choice into education and offer a lifeline to schools doing socially beneficial work.

Here in New York, MI scholars took a hard look at how state and city government could clear the obstacles standing in the way of the school choice movement. Writing in the *New York Daily News*, education policy director Ray Domanico drew attention to the civic-minded New Yorkers who, over the last 20 years, have donated over \$700 million to fund scholarships for low-income students to attend private and parochial schools. Domanico called on New York's state government to join 18 other states and make these donations eligible for tax credits. While the philanthropic arm of the education reform movement remains as generous and energetic as ever, without some help from Albany the charter school movement will be forced to remain in its current holding pattern: unable to open more schools because of an arbitrary limit imposed by state government. On this issue, the prolific Domanico once again took to the pages of the *Daily News* to call for the state to lift the cap on the number of charter schools permitted to open in



When it comes to education, the Manhattan Institute was in at the ground floor of the reform movement. And [its] stellar work continues today. Important insights—and dependable pressure on government to right what it has wronged—exemplify the thoughtfulness and practicality we’ve all come to expect from this Institute.

BETSY DEVOS
U.S. Secretary of Education

New York City. Having hit this artificial limit in 2019, the state is turning its back on the charter movement at a time when its numbers are growing sharply. Indeed, the waiting list to get into a New York City charter school currently stands at over 50,000 students, many of whom are stuck in underperforming schools where they are denied the high-quality education they need and deserve. In a report this fall, senior fellow Marcus Winters examined how policymakers should approach the tough decision to close these persistently subpar schools. Winters shows how closure—while never an easy choice—when done right, can ultimately improve outcomes for students.

When it comes to the challenges facing New York’s schools, the de Blasio administration is most comfortable viewing the situation through the lens of cross-racial disparities. Nowhere is this tendency, and its shortcomings, more apparent than with New York City’s specialized high schools. These eight elite schools accept eighth-grade applicants based on a single metric: their score on the Specialized High School Admissions Test. While this selection method was chosen because it was less susceptible to traditional corruption, such as influence-peddling and favor-trading, than more subjective and holistic approaches, it has come under fire from the de Blasio administration for the racial outcomes it produces: black and Latino students combine to make up 70% of the city’s public school population but are only 10% of the specialized high school population. In his reports and op-eds on the subject, Domanico argues that raising the academic achievement of black and Latino students would be better achieved by placing more resources in schools that have demonstrated an ability to help disadvantaged students than by tinkering with admissions standards at a handful of selective schools.

MI’s impact on education policy has also been felt at the federal level. In March, senior fellow Max Eden authored “Safe and Orderly Schools: Updated Guidance on School Discipline,” a report that offers a comprehensive rebuttal to the argument the Obama administration mounted in support of its 2014 directive calling on schools to reduce student suspensions in favor of a “restorative” approach, which emphasizes reconciliation between the misbehaving student and those affected, such as their teachers and fellow students. Eden issued a fact-finding report in 2017 demonstrating that the Obama-

era mandate had handcuffed principals, resulting in increased levels of general disorder, violence, and drug abuse. Additionally, in parsing the national research, Eden has shed light on the fact that the policy changes have had negative effects on the minority students whom it was intended to help. In Pittsburgh, for example, the adoption of a restorative approach to punishment is correlated with declining math achievement for middle school students, African-American students, and students in predominantly African-American schools. Though advocates of the restorative approach insisted that it would short-circuit the school-to-prison pipeline, Pittsburgh has seen no decline in student arrests. Eden brought this sobering message to both the U.S. Congress and to Secretary of Education Betsy DeVos’s office, where he was accompanied by New York parents and teachers who had been adversely affected by the rules. In December 2018, the Trump administration rescinded the guidelines, restoring disciplinary authority to principals and local communities. Despite this hard-earned progress on the federal level, several states and cities have opted to impose their own version of these regulations, undermining the learning environment for at-risk kids in the process. MI will continue to marshal data to make the case for commonsense school discipline wherever it most needs to be made.



MAX EDEN (right) discusses his bestselling book, *Why Meadow Died*, which exposes Parkland’s lenient approach to classroom discipline and uncovers its implications for school safety across America.



THE MANHATTAN INSTITUTE'S quarterly magazine, *City Journal*, exists at the intersection of policy and culture, reaching readers of all political persuasions through the force of its arguments, clarity of its prose, and elegance of its design. In a media environment where many publications speak to a narrow ideological audience, editor Brian C. Anderson has worked to ensure that *City Journal* does not just preach to the choir. This effort extends into new media, where the 10 Blocks podcast enjoyed its best year to date, being downloaded more than 30,000 times per month. Likewise, the "Broadcasting *City Journal*" series with Emmy Award-winning journalist John Stossel continued to be a hit in its second year, earning nearly 8 million views. The video series helps bring *City Journal* content to a new audience. Viewers were treated to probing conversations with senior fellow



CITY JOURNAL contributing editor **HEATHER MAC DONALD** takes to the streets of San Francisco to conduct fieldwork in Willow Valley for her "Hostage to the Homeless" piece—which appeared in *City Journal's* Autumn 2019 issue and was adapted by the *Wall Street Journal*.

"City Journal has long understood that a city's political ecosystem is only as healthy as its culture, so the magazine has long paid close attention to broader trends affecting American life."

Heather Mac Donald on the status of free speech on college campuses, for example, and with senior fellow Oren Cass on the complexity of translating climate science into climate economics.

Headlining the summer 2019 issue of *City Journal* was Steven Malanga's survey of "the new disorder." The 1960s urban crisis had its roots in profound changes in social attitudes and government policies—more permissive welfare programs, discouragement of work, and a culture of victimization that made policymakers reluctant to uphold the rule of law. It was not until the 1990s, starting in New York, that cities rejected these ideas and began a new era of urban flourishing. Today, however, disorder is returning to American cities, including some of the nation's most prosperous—New York, Los Angeles, San Francisco, and others. It's as if the remarkable economic success of these cities has induced amnesia about the lessons of recent history. In Malanga's telling, these cities are "pulling back on enforcement of quality-of-life infractions, ceding public space again to the homeless and drug users . . . and releasing violent criminals back into communities or refusing to prosecute them."

In her lead essay for the autumn issue of *City Journal*, also adapted for



Photo by Sasha Komatsuubara

CHRIS RUFO

the *Wall Street Journal*, Mac Donald brings her penetrating intelligence to the subject of San Francisco, where the city's homelessness crisis continues to worsen, despite massive social-welfare spending. As Mac Donald explains, the problem is not insufficient public dollars or high housing costs, as policymakers and advocates claim, but rather the city's refusal to enforce behavioral norms. The evidence suggests that the homeless, a high percentage of whom have drug or mental illness problems, are drawn to San Francisco for its permissive policies on street encampments and socially marginal behavior. If the city redoubles its commitment to programs like needle exchange and no-strings-attached

housing, it will continue to attract people to sidewalk encampments—and accelerate the decline of the city's quality of life.

Traveling north along the West Coast, new *City Journal* contributing editor Chris Rufo has documented Seattle's own homelessness crisis, which is driven by many of the same underlying causes as San Francisco's and is exacerbated by a political culture dominated by the hard Left. Rufo describes how a socialist-oriented mind-set has taken hold in government, the nonprofit sector, and among the city's influential social media figures, shaping how elected officials respond to public opinion. These forces have pushed the city to embrace misguided



policies like publicly subsidized “tiny house villages,” which amount to city-approved tent communities. The city's pilot effort at such a village cost \$720,000 a year to maintain; after it was in operation, reports of criminal behavior in the neighborhood increased by 221%.

City Journal has long understood that a city's political ecosystem is only as healthy as its culture, so the magazine has long paid close attention to broader trends affecting American life. In the spring issue of *City Journal*, assistant editor Charles McElwee reported on the state of Catholicism in the American Midwest. These regions, many struggling economically and battered by the effects of the opioid epidemic, are seeing their Catholic churches empty out as parishioners, especially the young, respond to repeated revelations of clergy sexual abuse and cover-ups. McElwee reports, however, that committed Catholics are organizing to support endangered parishes and reach out to disillusioned parishioners in an effort not just to save these churches but also to reinvigorate their communities.

CJ

75%
increase in
media
mentions

37%
increase in
unique web
users

211%
increase in
broadcast
hits

25%
increase in
social media
followers



KAY HYMOWITZ

In the same issue, the Manhattan Institute’s William E. Simon fellow and *City Journal* contributing editor Kay Hymowitz covered perhaps the most sobering trend in American life: the surge in loneliness. As with any complicated social phenomenon, many interrelated causes have contributed, but Hymowitz focuses on an often-ignored factor: the dissolution of family life. On one end of the generational spectrum, millennials were 34% less likely to make it through childhood living with both biological parents than Gen-X Americans; now that they have entered their family-forming years, millennials are living alone and unattached in record numbers. Meantime, their baby-boomer parents are the first generation of the mass-divorce era to make it into retirement and old age—and the data show that they are much less likely than their Greatest Generation forebears to be living with a spouse. Pervasive loneliness will be an important backdrop to American politics for years to come, and Hymowitz’s story points toward what should be a fundamental priority: supporting and reviving the American family.

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MOST DOWNLOADED
EPISODE of 2019

“SAN FRANCISCO’S
HOMELESS CRISIS”

featuring Heather Mac Donald

FEATURED GUESTS

Alain Bertaud

Theodore Dalrymple

Victor Davis Hanson

Joel Kotkin

Corey Johnson

Naomi Schaefer Riley

Allison Schrager

Photo by Jamie Meggas

10 BLOCKS



BRAIN C. ANDERSON



Molly_lake, 08/07/2019

Amazing; can't recommend enough!

Love *City Journal* for their quality of content and thoughtful perspective. If you love logic, reason, and strategy, give it a listen!!



Treetop82, 08/14/2019

My new favorite podcast

Really interesting guests. Discussions cover the pertinent details on issues of the day and avoid the politically-charged agenda that's being driven / pushed as "news" these days.

Br
L

Salam: What is something you believed to be true about how cities functioned a decade or two ago that you no longer believe?

Glaeser: A decade ago, I believed that most cities recognized strong limits on their ability to engage in local redistribution. The bright hopes of the 1960s had led many cities to engage in aggressive attempts to play Robin Hood at the local level.

By the 1970s, it had become clear that if cities overtaxed their businesses and the rich, those businesses and the rich would move to greener pastures. New York faced its fiscal crisis during that decade, and all of America's older, colder cities seemed to face almost existential crises. This period of crisis helped American cities discover what Paul Peterson called "city limits." Since then, more restrained city governments have helped usher in an urban renaissance across much of the country. But that success led to a new wave of demands for local redistribution. New York's financial power led voters to believe that it could pay for a more "progressive agenda," and Mayor de Blasio was elected to enact that agenda.

S: You are a leading economist who has long been engaged with the practical world of policymaking. Did you always know that you wanted to straddle both worlds?

G: The economists I idolized as a young scholar were always in both worlds. Milton Friedman, Gary Becker, George Stigler, and Robert Lucas were keenly interested in ensuring that their research had a public impact. They were also pioneering scholars on a grand scale. It never occurred to me that economists should be social scientists who were isolated from the public sphere. The root of the term "economics" goes back to political economy, which means the management of the public sector.

I have always found that engagement with the practical world is helpful for research. Learning from real cities is a critical point in figuring out the right topics to research. Moreover, the relationship between scholar and city leader works much better if scholars realize that they have at least as much to learn as they have to teach.

S: Mayor de Blasio is nearing the end of his second term. If you could offer his successor one piece of advice, what would it be?

G: Stay centered on the basics of city government, and focus your redistributive impulses on the children of New York. The attractiveness of New York depends on the city's safety, tax rates, and overall governmental quality.



Q{&}A

WITH REIHAN SALAM

The most important thing that the mayor can do to reduce social inequities is to improve the city's schools. Human capital is the bedrock on which individual, urban, and national success rests.

Since the path to better schooling is still not clear, we need more knowledge and experimentation and an openness to continuing innovation in our schools. I am particularly excited about the prospect of competitively provided, rigorously evaluated vocational training. One possibility is that this training could be provided after school, on weekends, and over the summer, in school buildings. If it doesn't replace traditional schooling,

it has a greater chance of avoiding the opposition of the teachers' union.

S: One place where pro-development arguments often run into resistance from city dwellers is the concern that the new housing supply will overwhelmingly come in the form of luxury units. What do you make of this concern?

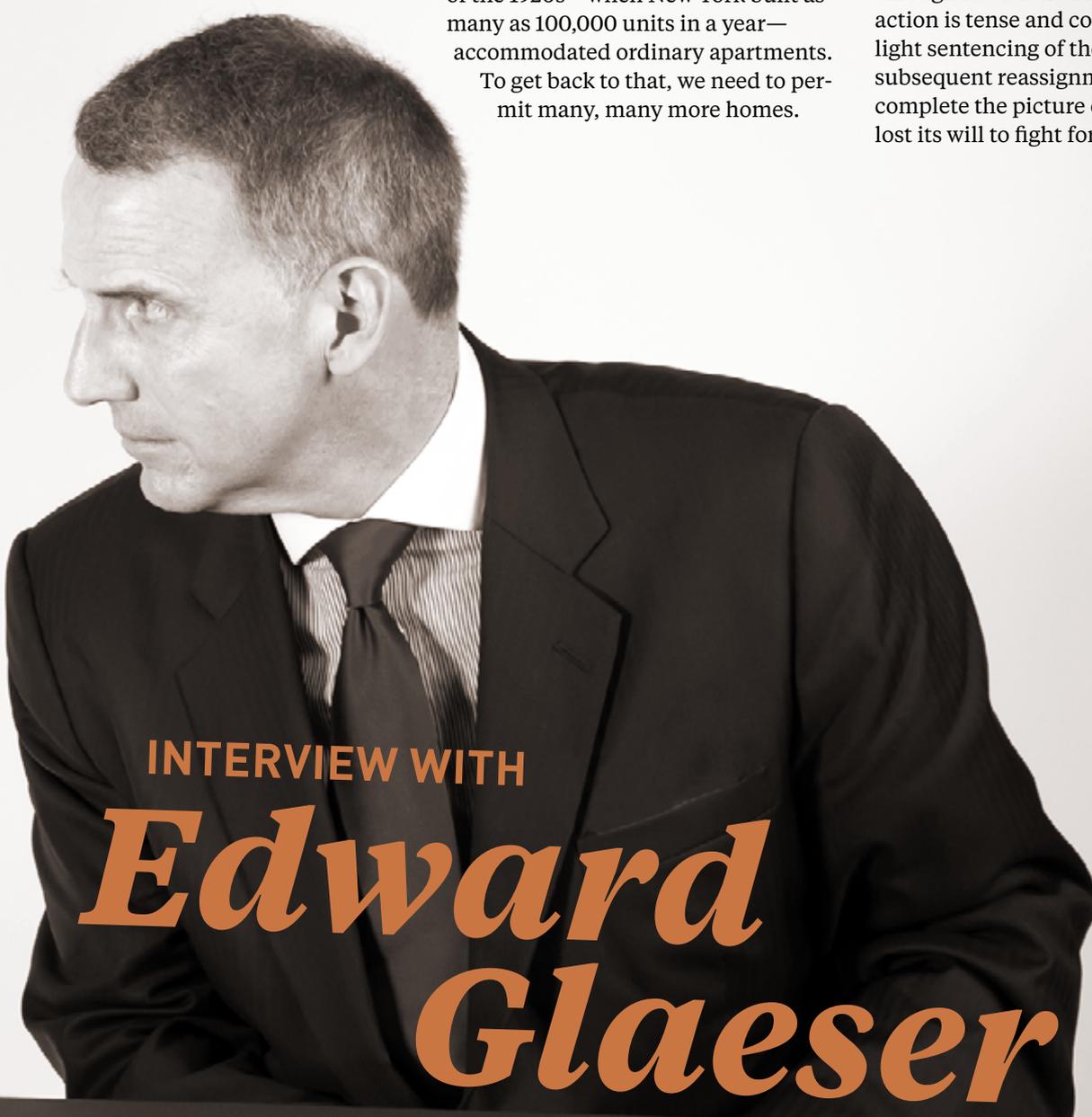
G: This concern is legitimate, but it ultimately reflects the fact that we permit so little housing. Since we have restricted so much and made the permitting process so arduous, builders focus only on the most lucrative part of the market. If we made it much easier to build, we would see far more structures that cater to middle-income buyers. After all, the building boom of the 1920s—when New York built as many as 100,000 units in a year—accommodated ordinary apartments.

To get back to that, we need to permit many, many more homes.

S: The crime and dysfunction of 1970s New York famously inspired many excellent movies. Do you have a favorite?

G: The gritty 1970s certainly inspired compelling films, from *Taxi Driver* to *Dog Day Afternoon*. If you count the first two *Godfather* movies, they are certainly my favorites, but their inclusion in this list is more debatable. The third *Godfather* movie does take place in the 1970s, but that is a far less satisfying effort.

So excluding *The Godfather I and II*, I am left with *The French Connection*. Its book was written in 1969, but the movie reflects the feel of a city that had lost control. Gene Hackman is, as always, superb. Corruption oozes through its vision of New York, and the action is tense and compelling. The light sentencing of the villains and the subsequent reassignment of the heroes complete the picture of a city that had lost its will to fight for safety.



INTERVIEW WITH
*Edward
Glaeser*



NEXT-GENERATION LEADERSHIP

Earlier this fall, a poll of 18- to 29-year-olds found that only half of respondents had a favorable view of capitalism, while an overwhelming 70% were “somewhat or extremely likely” to vote for a socialist candidate in the upcoming elections (YouGov). This broad-based skepticism of market economics is not altogether shocking when you consider Bernie Sanders’s impressive showing among young people in 2016, when he won more of their votes than Hillary Clinton and Donald Trump combined. The elevation of socialist politicians to Congress and socialist ideas to the center of our national conversation has been driven largely by young voters who are disenchanted with the current system and open to major ideological disruptions. MI is well positioned to mount the argument against this intellectual trend through our programs aimed at the next generation’s leaders.

Through the Adam Smith Society for MBA students and alumni, Young Leaders Circle (YLC) for young professionals in New York, and the MI on Campus program, we reach rising leaders who will have a disproportionate impact on the intellectual and political lives of their peers. Our lectures, conversations with our scholars, and immersive retreats help educate young members on the first principles of capitalism and the intricacies of the latest policy debate. The integration and international reach of these programs allows members to foster connections and build networks, which enable these bright and idealistic people to turn their ideas into action.



The **ADAM SMITH SOCIETY** provides context for discussion and debate about public-policy issues affecting the economy, as well as the morality of capitalism more broadly.

43
CHAPTERS

11,000+
PARTICIPANTS
SINCE INCEPTION



BUSINESS SCHOOLS HAVE BEEN DESCRIBED AS the “headquarters of capitalism,” and this is true insofar as they educate and train some of our most successful capitalists; but business schools are not in the habit of introducing their students to the canonical works of capitalism—and, in some cases, quite the opposite is true.

The consequences of this omission are apparent in the Business Roundtable’s August statement on its updated understanding of the purpose of corporations. This group of more than 180 CEOs criticized the traditional shareholder value theory—that a company’s superseding duty is to its investors or owners—and gestured toward the merits of a broader stakeholder model, which holds that corporations ought to serve owners, employees, suppliers, the environment,





SMITH SOC TREKS are destination-based seminars—most recently convened in Israel and Jackson Hole—on topics in business, public policy, and political theory.

and the community equally. Putting aside the practical challenges of simultaneously serving several constituencies with cross-cutting goals, the implicit message of the statement was that profit-seeking is an insufficiently moral purpose. It is dismaying that these corporate leaders could not mount a positive case for a system that, within the last 30 years alone, has cut child mortality by 58%, reduced the number of people living in extreme poverty by 40%, and increased global wealth fourfold.

Better educating the next generation of CEOs, founders, and civic leaders about the moral and philosophical foundations of capitalism has been the **Adam Smith Society's** mission since its founding in 2011. In the eight years since then, the program has grown to include 43 chapters (professional and student), including an international outpost in Israel at the Hebrew

University. While each of these chapters hosts speakers and presents events throughout the academic year, MI works to cross-pollinate the campuses and expose all members to the larger network. To this end, MI brought together more than 350 members and alumni from across the country for the Adam Smith Society's 2019 National Meeting in New York City, featuring speeches by Daniel Loeb, James Otteson, David Asman, and Oren Cass. Additionally, student and alumni members had the chance to interact at our Smith Soc Treks, destination-based seminars in premier locations that cover topics in business, public policy, and political theory. We were particularly excited to spend a week in Israel with our Hebrew University chapter, learning about Israel's envy-of-the-world high-tech sector and meeting with leading figures in Israeli media, business, and government.



ANDY KESSLER

YOUNG LEADERS CIRCLE offers members an opportunity—unique in Gotham—to hear from luminaries on a range of topics in public policy and culture, as well as get to know other young people interested in ideas.

For many Adam Smith Society members, their graduation from business school does not mark the end of their engagement with the Society. With professional chapters in major cities across the country and abroad—from Austin to London—the Society offers a space for continuing education and relationship building as

these business leaders launch their careers. These professional chapters have benefited from the insights that we’ve gleaned from running **Young Leaders Circle**, a monthly lecture series open to ambitious young professionals working in a variety of fields, including tech, media, finance, law, and business. This year, our members have been addressed by former United States attorney general Jeff Sessions, retired general Stanley McChrystal, *Washington Post* columnist George Will, and former CKE Restaurants CEO Andrew Puzder, among others. Our 2019 programming provided more than 1,400 young people the opportunity to hear from leading public figures on the major intellectual, political, and business challenges of our time.

Beginning in 2014, with the leadership and generous support of trustee Thomas W.

Smith, MI began its **MI on Campus** program, which sends MI fellows to campuses across the country to speak about public policy, culture, and economics. Our fellows afford intellectually curious undergrads a chance to engage with perspectives that they might not otherwise encounter during their college years. This has become increasingly important work in light of the recent trend toward censoring conservative and heterodox thinkers on campuses, which MI scholars Heather Mac Donald and Jason Riley have experienced firsthand. That is why MI is set on ensuring that our campuses are spaces that nurture free inquiry, encourage the open airing of unpopular ideas, and foster mutual decency between intellectual combatants.





FORMER U.S. ATTORNEY GENERAL
JEFF SESSIONS



EDWARD BLUM



JUDITH MILLER



RETIRED GENERAL
STANLEY McCHRISTAL



JONATHAN HAIDT



GEORGE WILL



POLICY TO MOVE THE NATION FORWARD



Even during the most contentious days in Washington, opportunities still remain to develop good policy. At the Manhattan Institute, we are always looking to build on positive developments—an unemployment rate below 4% and wage growth over 3%, for example—and clear the obstacles standing in the way of struggling Americans, including the 13.7% of men aged 25–54 who are persistently out of work. In practice, this has meant bringing our ideas to the Capitol, where our scholars regularly meet with lawmakers and testify before committees, and working through the national media to disseminate our research in real time.

MI is also focused on issues that are upstream from politics. If America is to make a dent in solving such issues as family dissolution, intergenerational poverty, widespread drug addiction, and rising suicide rates, much of the initiative will have to come from individual communities working to repair their local cultures. This is why MI is so deeply invested in civil society—the voluntary associations and philanthropic organizations that act independently of government to inculcate bourgeois norms—both in our research and our programming.

A VISION FOR AMERICAN PROSPERITY

IN THE YEARS AFTER THE 2008 financial crisis, most rich countries greatly increased their levels of public debt. Though we are now a decade removed from the shocks, many wealthy democracies, including the United States, have not changed course. America's deficits are nearing 5% of GDP, the highest they have been during a time of economic expansion since the United States was leading the Allied war effort. This worrying



BRIAN RIEDL (left) and **SHAI AKABAS** (right, Bipartisan Policy Center) discuss the U.S. federal budget, budget negotiations, and why Congress hasn't addressed the rising national debt—even as it gets worse.

trend will only gain momentum as the baby-boom generation retires and increases the pressure on the government to spend much more than it takes in.

Senior fellow Brian Riedl's report "Getting to Yes: A History of Why Budget Negotiations Succeed, and Why They Fail" offers an exhaustive study of every serious attempt at sweeping, bipartisan budget reform since 1980. Riedl found that three factors separate the successful efforts from the misfires: a penalty for failing to reach a deal, a pro-reform contingent in each party's coalition, and personal trust between the principals at the negotiating table. When President Ronald Reagan was able to strike a deal with Speaker Tip O'Neill



BRIAN RIEDL



in 1983, for example, they were racing against an approaching shortfall in the Social Security Trust Fund, felt that they had the support of most of their core voters, and were confident that neither would use the deal as a major cudgel against the other in upcoming elections. Riedl engaged in this mammoth undertaking not as a historical exercise but as a way to provide a blueprint for present-day policymakers facing a tsunami of red ink. The Hill briefing at which he presented this report attracted nearly 50 House and Senate staffers from both parties. The report was also the subject of a speech that Congressman Ed Case (D-HI) delivered on the floor of the House. Off the floor and away from the media, Riedl has met with several committee chairmen interested in drafting legislation that conforms to his best practices for deficit reduction.

Any deal that hopes to make meaningful progress reining in the deficit will have to confront health-care costs, which have risen faster than inflation in all but one year since 2005. The combination of cost increases and 10,000 new Medicare enrollees per day portends a future in which Medicare will contribute \$40 trillion to our long-term deficit—a fiscal hole that our children and grandchildren will struggle to climb out from. As senior fellow Chris Pope has argued, Medicare is plagued by its fee-for-service model, which incentivizes doctors to pursue the costliest treatment plans rather than the most effective. Tucked away

inside the Medicare program, though, is Medicare Advantage (MA), which offers private insurers a flat fee to cover the full spectrum of services to which Medicare recipients are entitled. In an op-ed for the *Wall Street Journal*, “Be Grateful for Your Insurance Company,” Pope calculates that MA plans are 10% more cost-effective than traditional Medicare. The ability to say no to superfluous and costly treatments allows MA to fund more of the benefits that improve recipients’ quality of life while controlling costs for taxpayers.

While deficit reduction and a more efficient health-care system would go a long way toward boosting our economy, perhaps no factor is more important than creating healthy labor markets. While there’s good news on that front—unemployment numbers are at historical lows—other problems remain. For example, the economy underemploys nearly one in five prime-age men, and calls to raise the federal minimum wage to \$15 an hour—a policy that would come at the expense of America’s most vulnerable workers—continue. MI senior fellow Oren Cass focused on these and other challenges in his acclaimed 2018 book, *The Once and Future Worker*, where he championed a wage subsidy as a way to boost the value of work for the working poor without reducing business demand for unskilled labor. This year, Cass has crisscrossed the country and has published in an ideologically diverse range of outlets, including *Boston Review*, *The Atlantic*, and the *New York Times*. Cass has championed greater investment

“The combination of cost increases and 10,000 new Medicare enrollees per day portends a future in which Medicare will contribute \$40 trillion to our long-term deficit—a fiscal hole that our children and grandchildren will struggle to climb out from.”

A Vision for American Prosperity

in educational and career pathways for those who aren't bound for college; asserted the importance of reforming organized labor to serve the needs of workers rather than those of union bosses and politicians; and critiqued trade and immigration policies that threaten to undermine the domestic workforce necessary for a thriving nation.

Developing these types of considered solutions to the hard challenges of the 21st century is what MI's D.C.-based division, E21: **Economic Policies for the 21st Century**, does on a regular basis. The E21 e-brief brings our team's latest research

and analysis to the inboxes of more than 4,000 D.C. journalists, congressional staffers, policy researchers, and others. E21's location in D.C. allows it to offer real-time responses (whether valuable support or incisive criticism) to ideas percolating on the Hill and in the administration. Senior fellow Beth Akers engaged in valuable myth-busting with her recent article "The False Premise Behind the Consumer Debt Scare," which called into question growing panic over rising levels of consumer debt. Akers observes that debt repayment as a share of income has fallen for middle-class Americans, suggesting that most people have kept their borrowing in line with their wealth and income. "Indebtedness matters as an indicator of economic activity. But what matters much more is indebtedness *relative to the ability to repay*," notes Akers. While it makes sense to care about the rising costs of higher education and homes, the charge that indebtedness related to those expenses alone will determine the financial health of America

is, in Akers's analysis, fundamentally flawed.

Housed within E21 is the **Shadow Open Market Committee** (SOMC), founded by legendary economist Allan Meltzer, which offers fine-grained analysis of the policy goals and strategic choices of the Federal Open Market Committee (FOMC). SOMC member and MI book fellow Charles Calomiris has been an important voice in the emerging debate over the politicization of the Federal Reserve and the need to maintain its independence. Calomiris argues that true independence requires the unwinding of the Federal Reserve's fiscal policy tools and its regulatory responsibilities, which are unavoidably political activities and the proper responsibility of Congress. In addition to its analysis, SOMC has hosted two conferences this year, featuring keynote addresses from Randal K. Quarles, vice chairman for supervision, Board of Governors of the Federal Reserve system; and Patrick Harker, president of the Federal Reserve Bank of Philadelphia.



Members of the **SHADOW OPEN MARKET COMMITTEE** (SOMC) convened in September to discuss strategies for promoting the Fed's independence and accountability.



Photo by The Deal

LAST YEAR, SENATOR ELIZABETH WARREN introduced the Accountable Capitalism Act. If passed, it would nationalize corporate law and upend its key cornerstones. Warren's bill would allocate corporate board seats to labor-union representatives and eliminate fiduciary duties that require boards and managers to act principally for the benefit of shareholders. Touted as empowering "stakeholders" like employees and advancing "social responsibility" concerns like environmental causes, Warren's proposal would represent a revolution in America's free-enterprise system.

Warren's proposal is the culmination of a trend that MI legal policy director James Copland has long highlighted: the attempt to pursue public-policy objectives through changes in corporate governance. In 2019, Copland has continued to analyze this trend, drawing on data in MI's **Proxy Monitor**

database, which tracks all shareholder proposals filed with Fortune 250 companies. Copland's data-driven reports have shown how special-interest shareholders such as public-employee pension funds and "social investing" funds have forced corporate proxy votes on issues unrelated to enhancing shareholder value, from company environmental practices to animal-rights concerns. Copland's standing on this issue has made him a go-to expert for policymakers in Washington. This spring, he was called to testify before both House and Senate committees on the threats to economic growth posed by policy-related corporate-governance activism. In August, when the Business Roundtable issued a statement on the purpose of a corporation, igniting a public debate over shareholder versus stakeholder capitalism, Copland immediately penned an op-ed for the *Washington Post*. Dissecting the

public-relations strategy of the roundtable signatories, Copland emphasized that the business leaders' statement did not actually suggest weakening the fiduciary duties that align corporate boards' responsibility to shareholders—as Warren's proposal directs. Fortunately, even as Warren proposes to move corporate governance in the wrong direction, other policy actors in Washington have been taking steps to rein in abuses that Copland has chronicled.

In August, the Securities and Exchange Commission (SEC) issued new guidance that will improve transparency and eliminate conflicts of interest among proxy advisory firms that heavily influence shareholder voting—an idea that Copland first proposed in the *Wall Street Journal* back in 2012, and that he developed along with Stanford researchers in a summer 2018 report that preceded and helped frame the agency's

Rule of Law



“The new anti-federalism is a central theme in Copland’s forthcoming book, which will explore how unelected actors and other officials not authorized to oversee national policy drive the modern American regulatory state.”

rulemaking on the issue. The new guidance places clear fiduciary responsibilities on proxy advisory firms for the first time and is a valuable first step in reducing the politicization in corporate governance.

Like social investors, state and local politicians have sought to influence national policy in an end run around Congress—what Copland has dubbed the “new anti-federalism.” In April, MI hosted a panel exploring these themes, featuring Copland, former SEC commissioner Paul Atkins, and former U.S. senator Luther Strange of Alabama. The panelists discussed how politicians in New York, California, and elsewhere have sought to influence policy

action on climate change—the most global of issues—by suing in the courts and by leveraging public pension funds to pressure businesses. The new anti-federalism is a central theme in Copland’s forthcoming book, which will explore how unelected actors and other officials not authorized to oversee national policy drive the modern American regulatory state.

At the core of that modern regulatory state are administrative agencies in Washington, which have exerted increasing control over the nation’s economic life with limited direction from and oversight by elected officials. Beyond limiting economic growth, the administrative state all too often runs afoul of basic rule-of-law principles—a failing that strikes at the core of its moral legitimacy. So argues MI visiting scholar and NYU law professor Richard Epstein in a forthcoming book, *The Dubious Morality of Modern Administrative Law*. The book directly answers the claims of academic defenders of the administrative state as it exists today and develops an intellectually robust counterargument founded in legal principles dating from the Roman republic to Supreme Court decisions today. As the Supreme Court reexamines its key precedents in administrative law—led by new justices Neil Gorsuch and Brett Kavanaugh—we anticipate that Epstein’s book will guide its thought and offer a blueprint for reworking the legal doctrines that undergird the regulatory state.

While regulation through administrative agencies is commonplace among other developed nations, America’s uniquely sweeping litigation system stands alone as a parallel regulatory system that interferes with free-market commerce. For decades, MI has analyzed these trends and proposed solutions—some of which have effectively curbed many forms of lawsuit abuse. In February, MI tackled a newly emergent form

of abuse in class-action practice in the latest edition of our popular *Trial Lawyers, Inc.* series, laying out the business strategy of the plaintiffs’ bar. The new report tackled the increasingly common practice through which class-action lawyers settle their claims against corporate defendants by directing settlement dollars to third-party charities rather than the plaintiffs they purport to represent—with full judicial approval. Often, the benefiting charities have had ties to the lawyers involved in the case, the companies being sued, or both. Beyond such obvious conflicts of interest, Copland’s report shows that the principal effect of such awards is to facilitate otherwise untenable class-action lawsuits and inflate lawyers’ fees. The new



Trial Lawyers, Inc. report and related public writings, such as Copland’s recent opinion column in *Bloomberg*, were timed to coincide with a legal challenge to such awards then before the U.S. Supreme Court: *Frank v. Gaos*—for which MI sponsored a “friend of the court” amicus brief. Although the justices decided to return that case to lower courts for further fact-finding, we anticipate that MI’s efforts to publicize and assess this new form of lawsuit abuse will influence courts to give these dubious settlements more careful scrutiny going forward—as well as the thinking of the Supreme Court whenever it does assess the merits of the emergent practice.

Criminal-justice reform is another area tackled by our legal policy team and has emerged as one of the most pressing issues of this election season. In an essay for *City Journal*, fellow Rafael Mangual—an increasingly prominent voice in the world of criminal justice and legal policy—dispelled commonly held myths about America’s prison population, including the



RAFAEL MANGUAL

Bill Bratton @CommissBratton

Police across the country have a difficult job. The reality is that cops will always be there for those they serve. It's important for our communities to appreciate that reality. A great perspective by @Rafa_Mangual. Cops Count - Police Matter

We Can't Imagine What Cops Go Through
Recent NYPD suicides should remind us to appreciate the trauma associated with police work.
cityjournal.org

misplaced notion that America's incarcerated population is primarily composed of low-level drug offenders. In state prisons, where 88% of all prisoners are held, there are five times as many people serving sentences for murder, rape, robbery, assault, and burglary as there are people locked up on drug charges. Mangual's clarifying survey of the incarcerated population has served as an important counterweight to activists pushing the U.S. to reduce its carceral population

at a reckless pace. Mangual has made this case both to criminal-justice professionals and the wider public, publishing in the pages of *National Review*, *New York Post*, and *Philadelphia Inquirer*, as well as on social media, where his work was praised by former NYPD commissioner William Bratton and others in the law-enforcement community. Frequently, advocates for breakneck decarceration cite the damage that widespread imprisonment does to the

communities from which the prisoners are drawn, but Mangual's crucial insight is that the health of these communities is threatened by both extremes of this policy spectrum. There is room for releasing older inmates and inmates whose crimes were treated too punitively, but a more lenient posture toward violent and repeat offenders would threaten the hard-earned progress that America has made in drawing down its crime rate.

Energy

IN 2019, THE “GREEN NEW DEAL” BECAME A HOUSEHOLD PHRASE in America, a feat usually reserved for pieces of legislation that make it into law. The proposal to bring the United States to zero carbon emissions within a decade—among other goals—has caught fire among those viscerally alarmed by the specter of climate change. Proposals like the Green New Deal—or, at the state and local levels,

bans on fracking—reflect wishful thinking that ignores the realities of America’s energy needs, the inherent limits of renewable energy technology, and the global nature of emissions. Whereas the massive innovation in the energy sector over the past half-century should be cause for bipartisan celebration, America’s energy renaissance is the subject of fierce debate.

Senior fellow Mark Mills’s report “The ‘New Energy Economy’: An Exercise in Magical Thinking” took a hard look at the obstacles that the Green New Deal would have to surmount to reach its goals, and found it to be roughly as technically feasible as a full-scale colonization of Mars. Renewable energy sources like wind and solar, with the aid of batteries, currently account for 3% of U.S. energy needs. Achieving that additional 97% of market share would require logarithmic growth akin to what we have seen take place in the computer-chip industry. In fact, it is just this analogy that boosters of the Green New Deal use to assure skeptics that their goals are ambitious but feasible, in the mold of America’s proudest historical achievements, such as the moon landing or D-day. Mills points out that in the three-dimensional world of energy, transportation, and manufacturing, there are no comparable shortcuts. Boundaries set by the laws of gravity, inertia, friction, mass, and thermodynamics are resolutely indifferent to the hopes and demands of politicians and entrepreneurs alike. Mills’s clarifying report was picked up by journalists at the *Wall Street Journal* and the *Financial Times*. Additionally, in appearances before the House Science Committee and House Committee on Energy, Mills was able to elaborate on the hard technological problems standing between America and a renewable energy regime.

In his forthcoming book, *Digital Cathedrals*, Mills turns his formidable intellect to America’s new digital infrastructure—the cables, data centers, and other hardware that collectively enable “The Cloud.” This new system marks the first major addition to the nation’s infrastructure system since the interstate highway, and Mills’s book unpacks the soon-to-be-felt impact that this will have on energy demand and legacy industries like manufacturing, construction, agriculture, and health care that have not yet been fully digitized.

Adjunct fellow Jonathan Lesser, who in his 30 years in the energy sector has worked on energy regulation for the U.S. government and consulted on a range of private and public projects across the globe, outlined the challenges and opportunities faced by America’s nuclear power industry in his report “Is There a Future for Nuclear Power?” Lesser points out that the fervid desire that many have to lower carbon emissions does not square with their unqualified opposition to nuclear power, the most available and obviously scalable zero-carbon energy source. Unfortunately, and partially as a result of this group’s implacable opposition, America’s nuclear

energy sector has withered. Eleven of the 60 currently operating nuclear power plants are slated to close by 2025. When you consider that a single midsize nuclear power plant delivers as much electricity as 800 windmills at two-thirds the cost, this antinuclear strategy seems even more harebrained. This price discrepancy is poised to grow larger, Lesser points out, with the invention of small modular reactors (SMR), which are 50 megawatts (MW) in size and are assembled through modular construction. The “Ikeization” of nuclear power extends the tantalizing possibility of rebooting a long-dormant industry—one that produces zero carbon emissions.

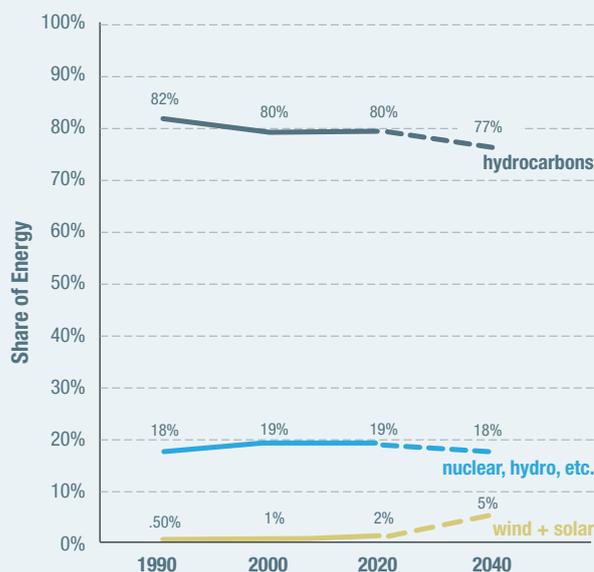
“Senior fellow Mark Mills took a hard look at the obstacles that the Green New Deal would have to surmount to reach its goals, and found it to be roughly as technically feasible as a full-scale colonization of Mars.”



MOST DOWNLOADED MI REPORT IN 2019

Renewable energy sources like wind and solar, with the aid of batteries, currently account for 3% of U.S. energy needs.

How the World Is Fueled





HOWARD HUSOCK



AMERICA'S EXPERIMENT IN SELF-GOVERNMENT

requires, first and foremost, that its citizens be capable of governing their own lives responsibly. Historically, civil society—a constellation of voluntary associations such as churches and community groups—was the primary source of such virtues, instilling in people a sense of personal responsibility, as well as confidence in their ability to better their lives. With family breakdown and community dissolution continuing apace in many parts of the country (despite trillions of dollars in public assistance), the time to revive this ethos is now.

How America lost this tradition in recent decades—and how we might begin to bring it back—is the subject of the latest book by MI senior fellow Howard Husock: *Who Killed Civil Society? The Rise of Big Government and Decline of Bourgeois Norms*. In it, Husock chronicles how, over the course of the 20th century, norm-setting groups were crowded out by a sprawling social-services state, oriented more toward alleviating the symptoms of poverty than cultivating the behaviors that could help individuals avoid it in the first place. Husock's book has garnered admiring reviews in the *Wall Street Journal*, *National Review*, and *Philanthropy* magazine.

The good news: despite the many incentives for nonprofit organizations to accept government dollars, some groups still operate independently, with the goal of instilling positive norms. We've taken it as our task (supported by the William E. Simon Foundation and now the Lynde and Harry Bradley Foundation) to highlight and promote nonprofits from across the country



AWARDEES

ESL IN-HOME PROGRAM OF NEVADA

Volunteer tutors, using a tested curriculum, have taught more than **5,000 immigrants** the skills necessary to build a productive life in America—particularly English-language literacy.

NEWBURGH PERFORMING ARTS ACADEMY

NPAA has provided more than **10,000 students** with pre-professional dance, theater, and music training in one of the most economically challenged cities in New York State.

BETTER TOGETHER

Better Together strengthens families and communities by promoting work, protecting children, and supporting families in crisis. By serving more than **1,500 children**, Better Together has reduced the need for state-run foster-care programs.

TRADE INSTITUTE OF PITTSBURGH

In 10 years, TIP has trained more than **600 at-risk high school graduates and ex-offenders** looking to rebuild their lives, and **90%** have been hired in the trades, with an average starting wage of \$15/hour.

that exemplify the civil society ideal. We do this each year through MI's Civil Society Awards, formerly known as the Social Entrepreneurship Awards. At this year's banquet, keynoted by *New York Times* columnist David Brooks, we were thrilled to recognize nonprofit leaders doing transformative work with such populations as English-language learners, ex-offenders, and at-risk youth.

The Civil Society Award winners, who are among the most inspiring people you will ever meet, have unique credibility to discuss the importance of bourgeois norms. To that end, this year MI launched the Civil Society Fellows Program, through which we provide a select group of former winners with communications and marketing support, including media training to help them share their stories with

the wider public. Already, this year's Civil Society Fellows have garnered more than 15 media appearances and have written seven op-eds for newspapers across the country and have been featured by NPR, Fox News, the *Dallas Morning News*, and *Reader's Digest*. For example, one fellow, Sharpel Welch, has written and spoken movingly about the Friendship House (under the auspices of Community Renewal International), which she and her husband, Emmitt, run in a poor, predominantly African-American neighborhood in Shreveport, Louisiana. Since relocating to Shreveport in 2008, Sharpel and Emmitt have not only provided local children with after-school activities and other programs but, perhaps more important, a living example of a stable married family.

Race and Civil Society



Photo by Nathanael Rolsma

HEATHER MAC DONALD

delivers the keynote address on free speech and First Amendment principles at the 2019 “Disinvited Dinner” hosted by the University of Wisconsin-Madison’s Center for the Study of Liberal Democracy.

The problems of black intergenerational poverty that Sharpel and Emmitt encounter daily have become prominent issues in public discourse. In this national conversation, senior fellows Jason Riley and Heather Mac Donald have challenged false narratives that portray minorities primarily as victims of oppression and that portray racism as the biggest obstacle to their social and economic progress. Over the past year, Mac Donald has focused on developing and expounding on the themes from her two most recent books, including testifying before Congress on policing practices.

Riley, in addition to writing a weekly column for the *Wall Street Journal* and speaking on college campuses across the country, chairs an annual MI conference

on race relations. This year’s conference, “Barriers to Black Progress: Structural, Cultural, or Both?” was headlined by Glenn Loury, the Merton Stoltz Professor of the Social Sciences at Brown University and author of the MI report “Why Does Racial Inequality Persist?” In that report, Loury stakes out a sensible, middle-ground position, acknowledging the historical and structural inequities that ought to be redressed while still “insisting on addressing and reversing the patterns of behavior that impede black people from seizing newly opened opportunities to prosper.” The conference featured a panel of experts who discussed, among other topics, how some activists who claim to speak for African-Americans do not necessarily reflect what

most blacks believe about important issues. The strong attendance at the conference, which included members of the media, nonprofit leaders, academics, and interested friends of MI, reinforced the Institute’s commitment to advance thoughtful, nuanced analysis and discourse on issues of black poverty—at a time when the wider discourse is often one-sided and fact-free.



Through MI’s Issues 2020 series, scholars look to puncture the myths that capture media attention and public imagination—setting the record straight on issues throughout the campaign season.

As MI looks ahead to another election year, we know that the policy conversation will be dominated by the day-to-day scramble on the campaign trail, where candidates will vie for attention and votes with ideas of varying merit. Thus far, via MI’s Issues 2020 series, our scholars have already set the record straight on such issues as higher education, criminal justice, public education, energy, private health insurance, and the not-so-menacing prospect of automation.

Senior fellow Beth Akers is one of the leading voices on American higher-education financing, a space that has drawn a lot of attention from Democratic candidates who have proposed assorted plans for both canceling outstanding college loans and making public universities tuition-free. Akers readily agrees that something is amiss in American higher education but insists that a system already underwritten by \$148 billion in public money does not want for more public generosity. Instead of increasing subsidies, says Akers, the focus should be on making college a safer investment. Small private colleges that are already under pressure have experimented with loan repayment

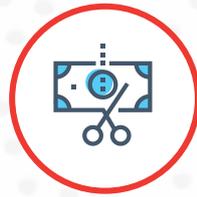
guarantees and income-share agreements, which give colleges a powerful incentive to ensure that their attendees graduate and find remunerative work. Finding ways to push colleges to put their own skin in the game is a much more sensible way forward than throwing good money after bad.

It should be no surprise that the candidates who are pushing free college for all are also vowing to outlaw private health insurance. MI senior fellow Chris Pope, in an Issues 2020 brief titled “Private Health Insurance Reduces Health-Care Costs,” made the case that the much-disparaged profit motive within the insurance industry produces value for the consumer that gets lost in government-run programs. A comparison of plan options under Medicare brings Pope’s point into sharp focus: in the Medicare system, private plans lower the costs to enrollees by 10% *while* improving the quality of care.

Rising health-care costs should be a first-order concern for anyone hoping to lead the nation; but automation, which has garnered a lot of concern in the Democratic primary, should not be cause for alarm. In his report “Automation Is Not What’s Hurting

Workers,” Oren Cass persuasively argues that the automation panic is a misplaced fear born out of a fundamental misreading of current data and the historical record. “Politicians,” he writes, “have been throwing robots under the self-driving bus to avoid taking responsibility for the real problems they have caused in the economy.” Boosts in productivity, whether through automation or training, are *by definition* the key to rising wages for workers and prosperity for society. But for that process to work, the economy has to continue generating new and better opportunities for people of all skill levels. It’s that breakdown, as well as the poor policies that have contributed to it, that we should be talking about, reports Cass.

You can find the aforementioned reports and more on our website. We hope that these reports will help reorient the discussion around what is true and possible for our country.



Student Debt Forgiveness

Beth Akers: The typical millennial has no student debt. Even among those who pursued higher education and borrowed to fund it, **A TYPICAL HOUSEHOLD WITH TWO COLLEGE-EDUCATED WORKERS HAS MORE THAN \$100,000** in annual income and pays less than \$400 monthly on their loans. Federal relief should focus on the small subset of borrowers with unmanageable debt burdens and ensure that they still repay what they can afford. Those programs already exist.

Trump's Economy

Oren Cass: While America's long economic expansion deserves celebration and has delivered dramatic improvement from the Great Recession's depths, the performance remains middling by the standard of prior business cycles. On the measures that matter most—are people working, are they becoming more productive, are their wages rising—**THE DATA ARE BELOW AVERAGE AND, IN SOME CASES, CLOSER TO A TYPICAL DOWNTURN THAN A BOOM.**

Medicare-for-All

Chris Pope: Health insurance is expensive because spending on hospital and physician services is high. **INSURERS ARE UNPOPULAR BECAUSE THEY BEAR THE MAIN RESPONSIBILITY FOR CONTROLLING THIS SPENDING**—but their doing so saves consumers money and focuses resources toward better care. Eliminating the overhead costs incurred by private insurers would not reduce the cost of health care; it would cause wasteful spending to soar.

Education Spending

Max Eden: Misleading rhetoric has left Americans believing that we spend far less on education than we actually do. Contrary to the dark picture painted by politicians, **AMERICA RANKS AMONG THE WORLD'S LEADERS IN EDUCATION SPENDING.** Our schoolhouses are well maintained, our teachers are well paid, and our students are equitably funded. It's surely a politician's prerogative to argue for more spending, but an honest debate should begin with an acknowledgment of America's already abundant expenditures, not with a false story of fiscal scarcity.

NARRATIVE
VS.
REALITY

Taxing the Rich

Brian Riedl: This presidential campaign is replete with economic proposals that are extraordinarily unrealistic. Facing an overall deficit that is already projected to total \$15 trillion over the next decade, politicians are promising \$40 trillion in new spending. Vague "tax the rich" rhetoric cannot obscure a cold mathematical reality: even **100% TAX RATES ON THE WEALTHY COULD FINANCE ONLY A FRACTION OF THIS SPENDING.** Paying for these things will require doubling—at the least—the typical American family's total tax burden.

Automation

Oren Cass: Politicians have been throwing robots under the self-driving bus to avoid taking responsibility for the real problems they have caused in the economy. Boosts in productivity, whether through automation or training, are by definition the key to rising wages for workers and prosperity for society. But for that process to work, **THE ECONOMY HAS TO CONTINUE GENERATING NEW AND BETTER OPPORTUNITIES FOR PEOPLE OF ALL SKILL LEVELS.** It's that breakdown, and the poor policies that have contributed to it, that we should be talking about.

Drug Prices

Chris Pope: **PRESCRIPTION DRUGS ARE NOT THE CAUSE OF AMERICA'S STEADILY RISING HEALTH-CARE COSTS.** Drug spending is a low and declining share of health-care spending, and even the most expensive new drugs can lower costs by reducing the need for costly hospital and physician services. While headlines have focused on eye-catching prices for new drugs, this is more than offset by price declines as patents expire and generic competition enters.

Mass Incarceration

Rafael Mangual: Slashing the prison population to match levels in the Western European democracies would require releasing significant numbers of violent and chronic offenders serving time for crimes that most Americans agree should lead to prison. **REDUCING OR ELIMINATING SENTENCES WOULD DIMINISH THE INCAPACITATION BENEFITS OF INCARCERATION** and, given the extremely high rates of recidivism, would expose society to large numbers of people likely to commit more crimes.

MANHATTAN INSTITUTE BY THE **NUMBERS**

628

TOTAL EVENTS

34

STATES VISITED



15M+

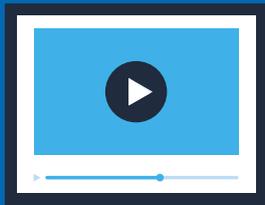
**PAGEVIEWS
WITHIN THE
PAST YEAR**

50K

**INCREASE IN
SOCIAL MEDIA
FOLLOWERS**

500%

**INCREASE IN
SMITH SOC SOCIAL
MEDIA FOOTPRINT**



11M+

VIDEOS VIEWS

**OF THE "BROADCASTING CITY
JOURNAL" SERIES SINCE INCEPTION**

(7.8M within the past year alone)

Search...



30%

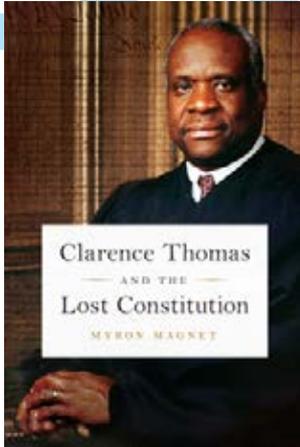
**INCREASE IN SEARCH-
DRIVEN TRAFFIC TO
MI WEBSITES**



20%

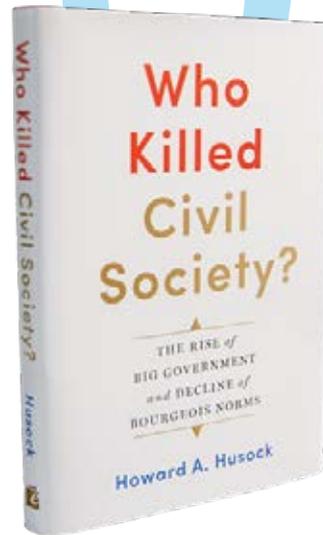
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IN OP-EDS**

BOOKS



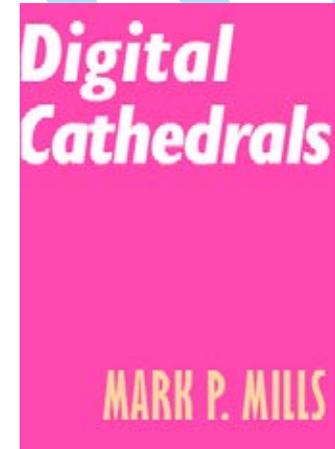
Clarence Thomas and the Lost Constitution

City Journal editor-at-large Myron Magnet's *Clarence Thomas and the Lost Constitution* examines the life and jurisprudence of the Supreme Court Justice who grew up in segregated Savannah, flirted with and rejected black radicalism at college, and ran a federal agency charged with advancing equality. Thomas today is one of most faithful defenders of the framers' original intent in the U.S. Constitution. Magnet's riveting story of Thomas's maturation has sparked a well-warranted reconsideration of race and class determinism, and he spent 2019 presenting his work to college campuses, think tanks, and other speaking venues. "With the light it shines on culture, character, race, and liberty under law...the book is about more than just Clarence Thomas and originalism, in the same sense that *Moby Dick* is about more than just whaling," former U.S. attorney general Michael Mukasey opined. Myron Magnet is the recipient of the 2008 National Humanities Medal.



Who Killed Civil Society? The Rise of Big Government and Decline of Bourgeois Norms

Civil society—not government—once lifted Americans out of poverty. Philanthropists put their beneficiaries on a pathway to responsible, self-supporting lives—not only by providing food and shelter, but by promoting “bourgeois norms,” explains MI senior fellow Howard Husock, in *Who Killed Civil Society? The Rise of Big Government and Decline of Bourgeois Norms*. But as government grew during the New Deal and Great Society eras, civil society retreated and norms became politically incorrect. Endorsed by intellectuals and thought leaders across the ideological spectrum, Husock's book was an essential piece of the Manhattan Institute's 2019 civil society programs, culminating with an awards gala featuring David Brooks of the *New York Times*. Husock paints vivid portraits of civil society leaders past and present, and shows how a new generation of advocates—like MI's Civil Society Award recipients—can harness philanthropy's power to promote helpful norms.



Digital Cathedrals

Just as advances in science and architecture led to the construction of cathedrals in the Middle Ages, technological breakthroughs in Cloud computing, 5G, and artificial intelligence are poised to usher in a revolutionary era of scientific progress and human flourishing. But, as physicist and Manhattan Institute senior fellow Mark Mills proves in *Digital Cathedrals*, the energy consumed by these technological advances already exceeds the appetite of global aviation. As demand for technology's benefits grows, so will its carbon footprint. How will public policymakers reckon with climate-shaming and “green” virtue signaling when the inventions of the new digital masons demonstrably improve the lives of the world's poorest? Mark Mills—who famously predicted in 2005 “we will never run out of energy” in *The Bottomless Well*, with Peter Huber—is one of the only voices in the energy and policy fields asking the relevant questions and offering optimistic answers.

BANNER EVENTS 2019



Adam Smith Society National Meeting

Every year, the Adam Smith Society holds its National Meeting in New York, assembling hundreds of MBA students and alumni members from across the country and abroad for an intense weekend of education and networking. At the 2019 meeting, the Society presented its Principled Leadership Award to Daniel Loeb, founder and CEO of Third Point LLC. Speakers included Marilyn Fedak, Vice Chair Emeritus of AllianceBernstein Global and cofounder of the Adam Smith Society; Oren Cass, senior fellow and author of *The Once and Future Worker*; and David Asman, host on Fox Business Network. The meeting also presented a debate on driverless cars, cosponsored with Intelligence Squared (IQ2US), moderated by John Donovan—featuring Amitai Bin-Nun, VP of Autonomous Vehicles at Securing America’s Future Energy; Chris Urmson, cofounder and CEO of Aurora; Meredith Broussard, data journalist and author of *Artificial Unintelligence: How Computers Misunderstand the World*; and Ashley Nunes, MIT Center for Transportation Logistics.

Alexander Hamilton Award Dinner

The Alexander Hamilton Award is given each year to individuals who best embody the virtues of its namesake: commercial ingenuity and unwavering patriotism. In years past, awardees have been leading statesmen, entrepreneurs, and men of letters. This year, the Alexander Hamilton Award was presented to U.S. Secretary of Education Betsy DeVos and MI President Emeritus Larry Mone.

Hayek Lecture

The Hayek Lecture is delivered by the recipient of the Hayek Prize, which honors the book published within the past two years that best captures F. A. Hayek’s vision of individual and economic liberty. Conceived and funded by Manhattan Institute trustee Thomas W. Smith, the Hayek Prize, with its \$50,000 award, is among the world’s most generous book prizes. The 2019 Hayek Prize was awarded to Douglas A. Irwin, the John French Professor of Economics at Dartmouth College, for his book *Clashing over Commerce: A History of U.S. Trade Policy*.

“I’m deeply honored to share this evening with Lawrence Mone. It is nearly impossible to think about the Manhattan Institute without also thinking of him. During his time as president, Lawrence made the Institute into a think tank that works—a reputation of intellectual force applied to real people, not just white papers.”

BETSY DEVOS
U.S. Secretary of
Education



James Q. Wilson Lecture

In honor of James Q. Wilson (1931–2012), one of the 20th century’s most prolific and impactful social scientists, MI sponsors an annual eponymously named lecture. In 2019, it was delivered by MI senior fellow and Harvard University economics professor Edward Glaeser, on the topic “The Entrenched vs. the Newcomers.”

“For thousands of years, cities have been working miracles as they enabled people to learn from one another, to start new businesses, to craft new policies, to create new art forms—and the age of miracles is not gone. It just needs better public policies. And it needs the type of policies and the type of leadership that MI can give it.”

EDWARD GLAESER
Senior Fellow at Manhattan Institute,
Economics Professor at Harvard University

Civil Society Awards

Each year, MI presents its Civil Society Awards after a nationwide search for outstanding nonprofit leaders whose work in their communities serving the needy and repairing the social fabric represents the best of America’s civil society tradition. In addition to receiving the \$25,000 prize, awardees garner much-deserved media attention and are introduced to MI’s network of free-market and civil society organizations, enabling them to broaden their reach and deepen their impact. This year’s awards ceremony featured a keynote address from *New York Times* columnist David Brooks, as well as remarks from our own senior fellow Howard Husock. To read an in-depth account of what this year’s winners are doing to help their neighbors reach their full potential, we encourage you to head to the Civil Society Awards portion of our website.

Walter B. Wriston Lecture

In 1987, the Manhattan Institute began a lecture series in honor of Walter B. Wriston—banker, author, government advisor, and member of the Manhattan Institute’s board of trustees. The Wriston Lecture has since been delivered annually in New York, drawing its honorees from academia, government, business, religion, and the arts. The 2019 lecture, “The End of the Computer Age,” was delivered by Peter Thiel, investor and entrepreneur.

“I want to thank the Manhattan Institute for this very generous award, which will help those patiently waiting to start their journey to a better life.”

FLORENCE PHILLIPS
Civil Society Awardee
ESL In-Home Program of Nevada

MANHATTAN INSTITUTE

— EXPERTS —



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SENIOR FELLOW



BRIAN C. ANDERSON
EDITOR, *CITY JOURNAL*



ALEX ARMLOVICH
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STEPHEN EIDE
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CONTRIBUTING EDITOR,
CITY JOURNAL

MI is thrilled to welcome its new vice president for research and publications, **Brandon Fuller**. Before joining the Manhattan Institute, Fuller was deputy director and research scholar at the Marron Institute of Urban Management at New York University, an applied research center that works with residents, officials, and practitioners to improve urban life.

2019 RESEARCH

Manhattan Institute annually publishes research reports on topics related to key issue areas. This body of work—authored by our resident fellows, associated scholars, and outside experts—has shaped the thinking of policymakers, thought leaders, the media, and the general public.

Issues 2020: Drug Spending Is Reducing Health-Care Costs

Chris Pope
ISSUE BRIEF, November 6, 2019

Issues 2020: The Trump Economy—Solid but Not the GOAT

Oren Cass
ISSUE BRIEF, October 30, 2019

Issues 2020: Taxing the “Rich” Won’t Pay for Politicians’ Promises

Brian Riedl
ISSUE BRIEF, October 17, 2019

Issues 2020: Millennials Aren’t Drowning in Student Debt

Beth Akers
ISSUE BRIEF, October 10, 2019

Teacher Strikes and Legacy Costs

Daniel DiSalvo
REPORT, October 8, 2019

Post-Employment Benefits in New York, New Jersey, and Connecticut: The Case for Reform

Thurston Powers
REPORT, October 3, 2019

How Private Dollars Can Manage Public Parks

Charles McElwee
REPORT, September 26, 2019

Responses to Homelessness: The Law-Enforcement Dimension

Stephen Eide
REPORT, September 26, 2019

Cleaning Up Vacant Lots Can Curb Urban Crime

John M. MacDonald and Charles C. Branas
REPORT, September 26, 2019

Ending NYCHA’s Dependence Trap: Making Better Use of New York’s Public Housing

Howard Husock
REPORT, September 19, 2019

Issues 2020: Mass Decarceration Will Increase Violent Crime

Rafael A. Mangual
ISSUE BRIEF, September 18, 2019

Should Failing Schools Be Closed? What the Research Says

Marcus A. Winters
ISSUE BRIEF, September 17, 2019

Poverty and Progress in New York XIII: The de Blasio Years

Alex Armlovich
ISSUE BRIEF, September 11, 2019

Issues 2020: Private Health Insurance Saves Americans Money

Chris Pope
ISSUE BRIEF, August 1, 2019

Issues 2020: Public School Spending Is at an All-Time High

Max Eden
ISSUE BRIEF, July 25, 2019

How to Make Student Debt Affordable and Equitable

Jason Delisle
REPORT, July 23, 2019

Seven Ways the MTA Can Save \$10 Billion

Nicole Gelinias
ISSUE BRIEF, July 23, 2019

De-Municipalization: How Counties and States Can Administer Public Services in Distressed Cities

Stephen Eide
REPORT, July 17, 2019

The Workforce-Training Grant: A New Bridge from High School to Career

Oren Cass
REPORT, July 16, 2019

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IN MEMORIAM

This year MI was saddened by the passing of two dear friends. George Kelling was a senior fellow at the Manhattan Institute, a professor in the School of Criminal Justice at Rutgers University, and a fellow at the Kennedy School of Government at Harvard University. Though Kelling made innumerable contributions to the field of criminology, he is best known in the wider public for developing Broken Windows policing, alongside his frequent collaborator James Q. Wilson. Donald G. Smith enjoyed a long and successful career as an investor at Donald Smith and Co. Smith began supporting MI over 15 years ago and, in that time, was an invaluable source of wisdom, guidance, and friendship to everyone at the Institute.



Donald G. Smith



George Kelling

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Supporting the Manhattan Institute can unlock access to various benefits, including invitations to events, a subscription to MI's *City Journal*, and MI books. Young professionals who join MI's Young Leaders Circle (\$250) have access to monthly lectures and receptions and receive additional benefits at the Advisory Committee level (\$1,000). MBA students and professionals who join MI's Adam Smith Society have access to a series of benefits depending on the level of dues. For questions about membership with MI, Young Leaders Circle, or the Adam Smith Society, please contact MI's development office.

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Manhattan Institute, 52 Vanderbilt Avenue, New York, NY 10017
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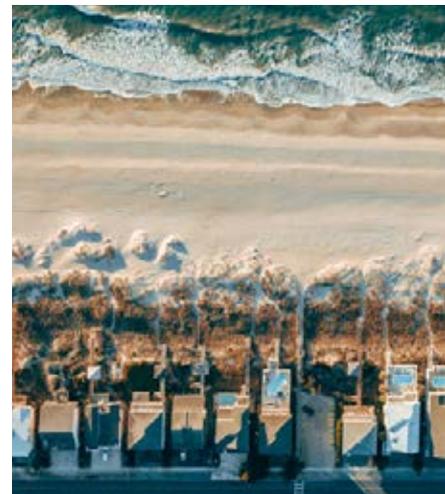
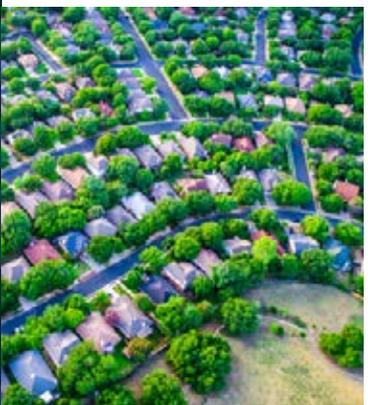
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ABOUT THE MANHATTAN INSTITUTE

The mission of MI is to develop and disseminate new ideas that foster greater economic choice and individual responsibility.

Manhattan Institute is a leading voice of free-market ideas, shaping political culture since our founding in 1977. Ideas that have changed the United States for the better—welfare reform, tort reform, proactive policing, and supply-side tax policies, among others—are the heart of MI’s legacy. While continuing with what is tried and true, we constantly develop new ways of advancing our message in the battle of ideas.

MI Policy Research

MI recruits experts in a range of domestic-policy areas. Fellows shape the public discourse through authoring reports, essays, and books; testifying at government hearings; and reaching citizens directly through various media (op-eds, TV, radio, social media, etc.).

MI’s Work on the Ground

To show the efficacy of putting policy prescriptions into practice, MI will often collaborate with cities and public officials. Following the 9/11 terrorist attacks, at the NYPD’s request we launched a policy division to advise the police on the development of a counterterrorism strategy. In Newark, New Jersey, the Institute partnered with then-mayor Cory Booker to implement a new approach to prisoner reentry, based on the principle of connecting ex-offenders with gainful employment immediately upon release. And recently, MI has launched a project to help the New York City Housing Authority (NYCHA) reform its public housing facilities, which house roughly 600,000 New Yorkers in conditions that are too often unsanitary and unsafe.

MI’s Quarterly Magazine, *City Journal*

In 1990, the Institute founded its magazine, *City Journal*, as an intellectual and journalistic response to New York’s downward spiral and to the illness of the American city generally. Called “the best magazine in America” by the *Wall Street Journal*’s Peggy Noonan and “the great Fool Killer in the arena of urban policy” by novelist Tom Wolfe, *City Journal* has promoted ideas in response to the challenges facing urban America, promoting a vision of cities as safe, entrepreneurial, and culturally vibrant. According to former New York mayor Rudolph Giuliani, “If there was a charge of plagiarism for political programs, I’d probably be in a lot of trouble, because I think we plagiarized most of them, if not all of them, from the pages of *City Journal* and the thinking and analysis of the Manhattan Institute.”

MI’s Book Program

MI books have a habit of sparking national conversation and reframing the public debate. An early example was Charles Murray’s *Losing Ground* (1984), which demonstrated empirically that open-ended welfare benefits incentivize self-destructive behavior among the poor and which helped pave the way for landmark federal welfare reform in 1996. *The Bottomless Well* (2005), by Peter Huber and Mark Mills, was referred to by Bill Gates as “the only book I’ve seen that really explains energy, its history, and what it will be like going forward.” Zappos CEO Tony Hsieh has cited *Triumph of the City* (2011), by Edward Glaeser, as a key influence in his urban experiment to revitalize downtown Las Vegas. And Heather Mac Donald’s *The War on Cops* (2016) has made six national bestseller lists, with Thomas Sowell saying, “This is a book that can save lives.”

MI and the Next Generation

As the perpetuation of the American experiment depends on the next generation, MI has developed initiatives to support the intellectual formation of tomorrow’s leaders—via outreach both on and off the campus. Through our MI on Campus program, fellows give lectures to undergraduate students at colleges and universities across America. The Adam Smith Society, based at top business schools and cities across the globe, is an expansive, chapter-based association of MBA students and business leaders promoting debate and discussion about the moral, social, and economic benefits of capitalism. After business school, MBA alums can become part of the Adam Smith Society alumni network, in a growing number of city-based professional chapters. For young professionals in the New York metropolitan area, MI sponsors the Young Leaders Circle, a monthly speaker series that provides opportunity for intellectual refreshment and networking with others interested in public policy.